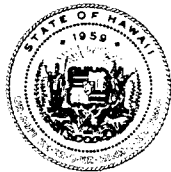


DIRECTOR'S OFFICE
DEPT. OF
TRANSPORTATION
BENJAMIN J. CAYETANO
GOVERNOR
DEC 17 7 52 AM '98



RAYMOND H. SATO
COMPTROLLER
MARY PATRICIA WATERHOUSE
DEPUTY COMPTROLLER

STATE OF HAWAII
DEPARTMENT OF ACCOUNTING
AND GENERAL SERVICES
P. O. BOX 119
HONOLULU, HAWAII 96810-0119

DEC 16 1998

COMPTROLLER'S MEMORANDUM NO. 1998-39

TO: Heads of Departments

SUBJECT: Quarterly Interest Rate for Late Vendor Payments

Act 213, Session Laws of Hawaii 1996, amended Section 103-10 of the Hawaii Revised Statutes by setting the interest rate for obligations related to goods delivered or services performed remaining unpaid after thirty days equal to the prime rate for each calendar quarter plus two percent. The Act limits the interest rate from exceeding 12% per annum and allows it to be adjusted quarterly using the prime rate as posted in the Wall Street Journal on the first business day of the month preceding the calendar quarter.

This memorandum is to inform departments that the interest rate for the quarter beginning January 1, 1999 and ending March 31, 1999 will be 9.75% per annum. To calculate the daily rate of interest, divide the rate of interest by 365 days.

You will be informed of the effective interest rate at the beginning of each calendar quarter. If there are any questions, please contact Kurt Muraoka of our Accounting Division at 586-0610.


RAYMOND H. SATO
State Comptroller